GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1150
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Gold Monetisation Scheme
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Will the Minister of FINANCE be pleased to state:

(a) whether India has surpassed China as the world"s largest gold consumer resulting in outflow of Forex reserves, if so, the details thereof and the reasons therefor;

(b) whether the Government has recently launched a Gold Monetization Scheme (GMS), 2015/Sovereign Gold Bond (SGB) scheme and a national gold coin under gold monetization programme to reduce reliance on gold imports by encouraging households to monetize their gold, if so, the details thereof;

c) whether the Government has received any representations against this scheme and proposes to make changes in the GDS/SGB including increasing the interest rate on Gold Bonds, if so, the details thereof along with the action taken thereon;

(d) whether the Government has taken any steps to protect depositors from tax department questioning the source of gold for this scheme, if so, the details thereof and the remedial action taken thereon; and

e) the extent to which of the Gold Monetization Scheme is likely to improve GDP and curb inflation and the steps taken by the Government to popularize this scheme?

Answer

The MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) According to (Gold Fields Minerals Survey) GFMS Gold Survey in the third quarter of 2015 Review and Outlook Report, published by Thompson Reuters, India has surpassed China as the world"s largest gold consumer. According to the report, the consumption of gold in the first nine months of the year 2015 in India has been 642 tonnes whereas that in China has been 579 tonnes. A fall in the prices of gold in the recent months has been one of the reasons for the increased demand for gold in India.

(b) Yes, sir. The Gold Monetization Scheme (GMS), the Sovereign Gold Bond (SGB) scheme and Indian Gold Coin were announced in Union Budget 2015-16 and were accordingly launched on 5th November, 2015. The detailed guidelines of the Gold Monetization Scheme are available vide RBI's Master Direction No. DBR.IBD.No.45 /23. 67. 003 / 2015-16 dated October 22, 2015, which is available on RBI's website. The detailed guidelines of the Sovereign Gold Bond Scheme is available vide Government of India's Gazette Notification F.No. 4(19)-W&M/2014 dated October 30, 2015. The Indian Gold Coin is the country's first national gold coin of 24 karat purity with 999 fineness which is minted indigenously. It has the Ashok Chakra engraved on one side and the face of Mahatma Gandhi on the other.

(c) The Government receives representations from various organizations and individuals with suggestions to improve the existing schemes. These are taken note of and necessary changes made from time to time based on the review of the schemes.

(d) The Gold Monetization Scheme does not provide tax amnesty. As per the guidelines issued by the Government on Gold Monetization Scheme which are available on the website of the Ministry of Finance, tax exemptions, same as those available under the earlier Gold Deposit Scheme (GDS), would be made available to the customers, as applicable.

(e) The objective of the Gold Monetization Scheme is to mobilize the gold held by households and institutions in the country to put this gold into productive use and in the long-run, to reduce the current account deficit by reducing the country's reliance on the imports of gold to meet the domestic demand.